GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Industries & Commerce Department – Proposal of M/s. Bharat Petroleum Corporation Limited (BPCL) for setting up of Greenfield refinery and petrochemical complex near Ramayyapatnam port, Nellore District, with an operational capacity of the refinery, ranging between 9-12 Million Metric Tons Per Annum (MMTPA)–Approval of allotment of 6,000 Acres of Land near Ramayyapatnam Port in Nellore District on cost basis and commitment to provide financial incentives covering 75% of the capital expenditure over 20 years on investment of INR 96,862 Cr to set up a Greenfield refinery and petrochemical complex near Ramayyapatnam port, as per the Tailor-made Incentives provision of AP IDP 4.0 (2024-29)– Orders - Issued.

INDUSTRIES & COMMERCE (P&I) DEPARTMENT

G.O.MS.No.04 **Dated:03.01.2025**

Read the following:

1. Proposal of M/s. Bharat Petroleum Corporation Limited (BPCL).
2. Minutes of the 4th meeting of the State Investment Promotion Committee (SIPC) held on 29.12.2024.
3. Minutes of the 2nd meeting of the State Investment Promotion Board (SIPB) held on 30.12.2024.

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ORDER:

In the reference 1st read above, M/s. Bharat Petroleum Corporation Limited (BPCL) submitted that BPCL has outlined an ambitious plan to set up a Greenfield refinery and petrochemical complex near Ramayyapatnam port, proposing a substantial investment estimated at INR 96,862 Crores. BPCL proposed operational capacity of the refinery, ranging between 9-12 Million Metric Tons Per Annum (MMTPA). As per the proposal, their annual investment planfor the project is as below:

Year	Investment (INR Cr)
2025-26	4,843
2026-27	9,686
2027-28	14,529
2028-29	29,059
2029-30	38,745
Total	96,862

2. BPCL has requested to allot 6,000 acres of land near Ramayyapatnam Port in Nellore district.

Block	Facility	Area (Acres)
Block 1	Township, Learning Centre, and SDI	787
Block 2	Refinery and Petro chemical units	2,333
Block 3	Admin Maintenance and Product tanks	1,085
Block 4	Crude Oil Terminal	800
Block 5	Green H2/Renewables	1000
Total		6000

(Out of 6,000 acres, the total extent of ISBL and OSBL (Inside Battery Limits and Outside Battery Limits) area of the refinery is 3,352 acres; out of which, 1,127 is required for Green Belt area (33%).

3. Further, M/s BPCL has submitted that Pre-feasibility studies has been carried out for capacity scenarios of 9 MMTPA and 12 MMTPA with an accuracy level of +/- 30% and requested that BPCL and/or its prospective partners confirm that they will acquire the land on freehold basis, five land parcels, totaling 6000 acres, situated near Ramayyapatnam Port and BPCL plans to conduct detailed studies to refine the Capex estimate to a +/- 10% accuracy level, enabling an informed Final Investment Decision and as part of the detailed studies, there may be potential variations in the final Capex. Accordingly, they have requested the GoAP to uphold the agreed principle of providing financial incentives amounting to 75% of the total Capex as per the detailed studies, to be disbursed over 20 years from the commencement of project activities, to ensure the project's viability and they have requested for the required government order in this regard and expedited land acquisition to enable the swift advancement of this project.

4. As per the detailed projections submitted by M/s BPCL, the planned investment by Bharat Petroleum Corporation Ltd (BPCL) of INR 96,862 Crores in a Greenfield refinery promises substantial economic benefits for the state, income from VAT, SGST and other sources and over a 15-year period, this figure is expected to accumulate to a gross income of INR 87,558 Crores for the state, showcasing the project's long-term financial impact and its significant role in enhancing the state's fiscal health. Accordingly, M/s BPCL has requested the following:

a. Allotment of 6000 acres - five land parcels, totaling 6000 acres, situated near Ramayyapatnam Port in Nellore District on cost basis, for the project of 9 to 12 MMTPA Greenfield Refinery cum Petrochemical Complex in Andhra Pradesh
b. Approval of Financial incentives covering 75% of the capital expenditure over 20 years, as a special case, for the Ultra-Mega Project of more than 96,000 Cr (+/- 10%) under Tailor-made Incentives provision of AP IDP 4.0 (2024-29), Viz, Capital Subsidy @43.5 % in 15 installments, 100% GST refund for operational phase, Refund of SGST (including ineligible) and state share in IGST/CGST during construction, Reimbursement of CSS charges collected by the state, Waiver on 100 % stamp Duty and registration fees

5. Accordingly, the proposal was placed before the State Investment Promotion Board (SIPB) meeting held on 30.12.2024 with recommendations of State Investment Promotion Committee (SIPC) in its meeting held on 29.12.2024. The SIPB after detailed discussion, has recommended to place their recommendations to extend special package of incentives to M/s. Bharat Petroleum Corporation Limited (BPCL) for setting up of Greenfield refinery and petrochemical complex near Ramayyapatnam port, Nellore District, with an operational capacity of the refinery, ranging between 9-12 Million Metric Tons Per Annum (MMTPA) with an estimated investment of INR 96,862 Cr.

6. Government, after careful consideration of the decision of the State Investment Promotion Board, hereby approve to extend special package of incentives to M/s. Bharat Petroleum Corporation Limited (BPCL) for setting up of Greenfield refinery and petrochemical complex near Ramayyapatnam port, Nellore District, with an operational capacity of the refinery, ranging between 9-12 Million Metric Tons Per Annum (MMTPA).

a. Approval of allotment of 6000 acres (five land parcels, totaling 6000 acres as requested at para-2), situated near Ramayyapatnam Port in Nellore District on cost basis.

b. In-Principle approval of total Financial incentives, upto 75% of the capital expenditure over a period of 20 years *from the commencement of project activities*, for the Ultra-Mega Project of more than 96,000 Cr under Tailor-made Incentives provision of AP IDP 4.0 (2024-29) (Clause 8.3), as per recommendations and remarks of SIPC. (details of the approved Incentives Framework are given at Annexure).

c. As the Incentives Framework starts from the commencement of the Project Activities, the *Commencement of Project Activities*will be notified by the GoAP on compliance of commitments from BPCL and GoAP, based on clear-cut mile-stones viz, financial closure of the project, handing over of >70% of lands, commencement of the Construction at site, etc.

d. M/s BPCL shall be requested to complete all phases of the project and start the commercial operations of this project by January 2029.

e. Department in consultation with Finance Department, to finalize the escrow based mechanism for release of incentives.

f. Being an ultra-mega investment, the project shall be monitored through a High Level Committee consisting of all the stakeholder departments, on regular basis.

7. The incentives shall be made applicable subject to company adhering to the definite time lines for implementation of the project and investment and employment commitment from the company as per the proposal submitted.

8. The Special Chief Secretary/Principal Secretary/Secretary of the concerned departments such as Power, Water Resources Department, Industry and Commerce (CIP), Skill Development Department, Revenue (Land, Registration and Stamps), Finance Department and other departments concerned are requested to take further necessary action accordingly, duly instructing their

HODs and PSUs under them for expeditious grounding and implementation of the Ultra Mega project.

9. The Vice Chairman & Managing Directing, Andhra Pradesh Industrial Infrastructure Corporation Limited, Mangalagiri and the Director of Industries, Andhra Pradesh shall take further necessary action accordingly in coordination with the line Departments.

10. As envisaged under the Andhra Pradesh Industrial Development Policy (4.0) 2024-29, the Director of Industries shall assign the handholding for facilitations of all the inputs as required for expeditious grounding and implementation of this Ultra Mega project to a senior level officer and should try to ensure that the project is implemented as per the expected timelines, duly facilitating the required approvals and clearances under the Single Desk Portal 2.0 and duly implementing the project as per the intended spirit of the Speed of Doing Business.

11. The Director of Industries, A.P., Mangalagiri should ensure that the PMU with the Department monitors the progress of the Ultra Mega project, duly bringing the issues that are to be resolved, to the respective line departments, from time to time and resolve the issues and intimate the status of the progress of the project to the Government from time to time and bring the issues for resolution at the Government end, if any, for smooth execution of the project.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

N YUVARAJ
SECRETARY TO GOVERNMENT & CIP

To
The Vice Chairman & Managing Director, APIIC Ltd., Mangalagiri.
The Director of Industries, A.P., Mangalagiri.
The M/s Bharat Petroleum Corporation Limited (BPCL).
The Special CS/Principal Secretary/Secretary of the concerned department viz,
The Revenue (Land, Registration and Stamps) Department,
The Finance Department,
The PR&RD Department,
The MA&UD Department,
The EFS&T Department,
The Energy Department,
The Water Resource Department,
The Roads and Buildings Department,
The Skill Development Department,
The Infrastructure and Investment Department,
The Industry and Commerce (CIP) Department,
The Industry and Commerce (Mines) Department and other Departments concerned
The Collector & District Magistrate, Tirupati District., Tirupati.
Copy to:
The Finance (FMU-I&I, Energy and I&C) Department.
The Revenue (CT) Department.
The Law (H) Department

The Accountant General, Andhra Pradesh.
The Commissioner of Taxes.
The P.S. to Secretary to Chief Minister.
The P.S. to Hon'ble Minister (Ind. &Comm. Food Processing).
The P.S. to Chief Secretary to Government of Andhra Pradesh.
The P.S. to Secretary to Government & CIP, Industries& Commerce Department.
The G.A. (Cabinet.I) Department.
SC/SF.

//FORWARDED::BY ORDER//

SECTION OFFICER

Annexure on the Incentives Framework as approved, based on the recommendations of the SIPC / SIPB

Land Allotment related

a. Recommended for in-principle allotment of 6000 acres - five land parcels, totalling 6000 acres, situated near Ramayyapatnam Port in Nellore District **on** cost basis, for the project of 9 to 12 MMTPA Greenfield Refinery cum Petrochemical Complex in Andhra Pradesh

b. As the I&I Department (AP Maritime Board) has been proceeding for land acquisition of Mega Industrial Hub near Ramayyapatnam Port, the APMB and District Collector should complete the acquisition of 6,000 acres lands requested by M/s BPCL as per the timeline. (M/s BPCL has agreed to pay the cost of lands as advance to GoAP).

c. APMB is also instructed to finalize their procedure of allotment of lands, in alignment with the APIIC Allotment Regulations and as per the rules in vogue

Financial Incentives related

d. As a principle, annual incentive releases shall be capped at the total taxes receipt to the state exchequer through BPCL and/or its partners. This includes both direct payments and those made indirectly through the central government pool in the form of VAT, SGST, and the state's share of excise, CST, CGST, IGST, or any other tax revenues.

e. As communicated to BPCL, if in any one FY, the revenues accrued to the State through BPCL (by SGST, VAT and other sources) is lesser than the incentive indicated for that FY in the Incentive Framework, the incentive will be limited to the revenue accrued to the State and remaining incentive of that FY will be passed on the next year. Accordingly, the incentive dues will be cleared in the subsequent FYs, based on the revenues accrued to the State through BPCL.

f. The request of the BPCL for Input Tax Credit on the goods or services or both used for construction (Other than Plant and Machinery) u/s 17(5) of APGST Act, 2017 cannot be considered as per the existing GST rules, this component and similar such components shall be provisioned as '*GoAP Special Incentives during Constructions'*.

g. Similarly, if any such ineligible component of GST during operational phase is requested, the same shall be provisioned under *Capital Subsidy*.

h. Department in consultation with Finance (Commercial Tax) Department, to bring out detailed mechanism to track and capture the project's SGST income, VAT Income and other revenues to the State through the BPCL's project and to arrive at the eligible incentives on the NET SGST components during construction and operational phases; Similarly, the Department in consultation with Energy Department should bring out detailed mechanism of arriving at the eligible incentives on CSS charges as part of incentive framework.

Table-1: Abstract of Incentives

Investment: INR 96,862 Cr
Annual Income to the state after DCP at 100% capacity: INR 5,311 Cr

S No	Incentive Type	Start Date of the incentive	Gross Incentive
1	Capital Subsidy@43.5% in 15 annual instalments (Balancing figure)	After the start of the company's commercial production	**42,104**
2	100% SGST refund for Operational phase*	After the start of the company's commercial production	**18,000**
3	Refund of 100% SGST (including ineligible) and State's share in IGST/CGST for construction phase*	From the commencement of project activities (FY 2025-26)	**7,451**
4	Reimbursement of CSS charges collected by state Discom on electricity (Rs 1.26/unit) - 15 Years	After the start of the company's commercial production	**4,941**
5	100% Stamp Duty and Registration fee Waiver	One-time at the time of land purchase	**150**
	Total		**72,646**
	Incentives to Investment ratio		**75%**

***- Refer points 'f' and 'g' above**

N YUVARAJ
SECRETARY TO GOVERNMENT & CIP

Table-2: Annual Release of Incentives (based on the projections given by the M/s BPCL)

Year	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38	2038-39	2039-40	2040-41	2041-42	2042-43	2043-44	2044-45
State income	373	745	1,118	2,235	2,980	3,479	4,824	5,311	5,311	5,311	5,311	5,311	5,311	5,311	5,311	5,311	5,311	5,311	5,311	5,311
Annual release of incentives *	373	745	1,118	2,235	2,980	4,274	4,341	4,341	4,341	4,341	4,341	4,341	4,341	4,341	4,341	4,341	4,341	4,341	4,341	4,341

*- total of all five types of incentives given at Table-1.

N YUVARAJ
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